

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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Cambridge Electric Light Company and  
Commonwealth Electric Company

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D.T.E. 98-77

**COMMENTS OF CAMBRIDGE ELECTRIC LIGHT COMPANY AND  
COMMONWEALTH ELECTRIC COMPANY REGARDING TRANSFER OF  
STREET-LIGHT FACILITIES PURSUANT TO SECTION 196 OF  
CHAPTER 164 OF THE ACTS OF 1997**

**I. INTRODUCTION**

Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth") (together with Cambridge, "COM/Electric" or the "Companies") are pleased to submit the following comments in response to the Notice of Inquiry (the "NOI") issued by the Department of Telecommunications and Energy (the "Department") dated August 13, 1998, regarding the provisions of Section 196 of the Electric Restructuring Act (the "Act") as they relate to the transfer of street-lighting equipment to municipalities. Specifically, the NOI requested comments addressing: (1) the compensation to be paid to the electric companies by municipalities for street-lighting equipment, including the method for valuing such equipment; (2) operational issues, including the responsibility and costs for operations and maintenance that might no longer be provided by electric companies as a tariffed service; (3) pole-attachment fees; and (4) safety requirements, including compliance with the requirements of the National Electric

(sic) Code,<sup>1</sup> as well as other pertinent issues. COM/Electric's comments will focus on each of these issues.

## **II. VALUATION OF EQUIPMENT AND COMPENSATION**

COM/Electric believes that the most appropriate method for valuing its street lighting equipment is to determine the cost of such equipment on a town-by-town basis. The Companies favor this approach for their own valuations over a system-average method because it avoids any prospective cross-subsidization of street lighting costs and because it provides a more accurate estimate of the costs. The Companies' system of accounting and their previous experience with street-lighting transfers in the Town of Yarmouth and the Town of Falmouth has allowed the Companies to determine that they possess the required data necessary to do a town-by-town valuation.

However, COM/Electric does not believe that the Department needs to mandate a town-by-town valuation approach for every electric company. Aside from the fact that there may be differences regarding the equities of town-by-town valuations versus a system-average method, some electric companies may not have their accounting systems set up in a way that would allow a town-by-town valuation for their street lighting equipment. The Companies believe that the Department can and should allow flexibility

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<sup>1</sup> Although the Department has requested comments regarding safety and compliance issues associated with the National Electrical Code ("NEC"), the Companies' comments focus on the safety requirements found in the National Electrical Safety Code ("NESC"), a code that specifically governs "supply and communications lines, equipment, and associated work practices employed by a public or private electric supply utility in the exercise of its function as a utility" (NESC, Section 1, at 1 (attached)). The NESC is more narrowly tailored than the NEC, which governs electricity safety issues for non-utility related functions.

for electric companies to make a determination on which valuation method will result in a reasonably accurate reflection of costs, given the administrative and practical burdens that may be associated with alternative approaches. Regarding compensation, the Companies believe that, regardless of the valuation method, the Companies must be compensated in full at the time a conveyance is made, including transactional costs.

### **III. OPERATION AND MAINTENANCE ISSUES/SAFETY REQUIREMENTS**

The transfer of street-lighting facilities to municipalities raises several issues relating to maintenance that should be addressed by the Department on a statewide basis. First and foremost, although a municipality after purchasing the facilities would own particular pieces of equipment, (e.g., the street-light lamps and heads), the Companies must maintain control over the electrical connection of lights to its distribution system and the mechanical attachment of items to its poles. In addition, the NESC restricts certain maintenance work on street-light poles to electric company employees or their agents, because only electric utility workers can safely de-energize the conductors and thus keep the NESC's required clearance distances intact. These rules reflect the need inherent in the NESC for the specialized experience of electric company employees in maintaining high-voltage wiring and controlling interconnection. See, e.g., NESC, Part 4, Sections 40-44 et seq. (attached). Failure to adhere to the NESC can have significant impact on public safety, workman safety and a detrimental impact on the reliability of the electrical system.

In addition, other non-NESC issues relating to maintenance should be addressed. The Companies must know the wattage of light bulb that a municipality intends to connect to its distribution system for safety and billing purposes. Likewise, transfer of a town-owned light from an old to a new pole should be handled by the host electric distribution company for

these same reasons. However, routine maintenance services, such as the changing of lights and the cleaning of the lamp can arguably become the responsibility of a town upon the transfer of street-lighting fixtures. Alternatively, municipalities may desire that the Companies continue to provide all maintenance services. See Section IV, infra. Municipalities can and should contract with the Companies for these services because the Companies' maintenance workers, who should always provide exclusive services in the event of automobile accidents, fires or other incidents, are also in the end the most competent, least-cost providers of these routine services. The Department should closely review the safety issues relating to these transfers and promulgate industry-wide standards governing the responsibilities of municipalities and electric companies for maintenance of these facilities, and should consider a requirement providing that only trained electric utility workers shall provide any street-light maintenance services.

#### **IV. RATE DESIGN**

Closely related to the issue of street-light maintenance is the inclusion of the cost of such maintenance (and the cost of lighting itself) in the Companies' rate design for street-light services. Pursuant to the Act, the Companies are in the process of developing an unbundled street-light rate for municipalities taking service from the Companies. Commonwealth intends to close the availability of its S-2 rate to new customers as of July 1, 1998.<sup>2</sup>

Although municipalities that take possession of the Companies' street-light facilities will have the opportunity to purchase generation from any supplier, those municipalities will

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<sup>2</sup> Commonwealth intends to grandfather customers that take service under this rate between July 1 and the time Commonwealth actually closes the rate.

remain customers of the Companies for the purpose of purchasing transmission and distribution services. As such, they will be subject to the Companies' rates for such services, as well as transition costs, demand-side management charges, renewables charges, and, possibly, standard offer or default service charges, should the municipality not take power from a competitive supplier. The unbundled street lighting rate will be cost based and will reflect no cross-subsidization from other rate classes. Consequently, prices for street lighting service will likely exceed those currently set forth in Commonwealth's S-2 Rate. As stated earlier, the Companies believe that certain, if not all, maintenance services should continue to be supplied by the Companies, even after street-light facilities are transferred to municipalities. However, assuming that some municipalities might choose to perform some routine operation and maintenance services ("O&M") on street lights, the Companies propose to offer two street-light tariffs: one that includes a charge for the optional routine O&M services that would continue to be provided by the Companies to municipalities that choose to purchase such services from the Companies; and one without such optional O&M charges.

## **V. POLE ATTACHMENT FEES/TERMS AND CONDITIONS**

In addition to the charges referenced above, the Companies believe that, although the space on the poles on which streetlights are attached should not be deemed to be "usable space" for the purpose of calculating cable television attachment fees, municipalities attaching street lights to the Companies' poles should be subject to a pole attachment fee, as well as other terms and conditions relating to the attachment, similar to cable television wires and other attachments. As sole owners (or joint owners with Bell Atlantic) of street-light poles, the Companies have the obligation, on behalf of distribution customers, to

receive fair compensation for the use of the property, i.e., the distribution poles. Therefore, the Companies reserve the right to charge an appropriate pole-attachment fee to those municipalities attaching street lights to their poles. The Companies would likely base such a charge on the current fees charged to cable companies for their pole attachments, at least until regulations with specific formulae for such fees are developed. The Companies also believe that the Department must require written agreements with municipalities between municipalities and electric distribution companies governing the terms and conditions of such attachments, based upon any regulations the Department may promulgate so that issues relating to safety, insurance, property damage and permitting, to mention just a few, can be fairly set out.

## **VI. SUMMARY**

Although little attention has been paid to this section of the Act, many important consequences to electric utility customers, employees and the companies themselves will result. Issues associated with fair compensation, rate design, worker safety and system reliability are directly affected by the purchase of utility-owned street-lights by municipalities. The Companies believe that the approach suggested herein will lead to the fairest and most efficient resolution of street-lighting issues. Therefore, the Department should thoroughly evaluate all elements of Section 196.